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SUBJECT: A/S HILL DISCUSSES BURMA, CAMBODIA, LAOS, CHINA
WITH SENIOR VIETNAMESE DIPLOMATS

¶1. Summary: In a frank lunch meeting January 13 with visiting EAP Assistant Secretary Christopher R. Hill, senior GVN diplomats said that Vietnam is worried about China's increasing influence in Southeast Asia, particularly Burma, Cambodia and Laos, and urged the United States to engage more with these countries. Hun Sen, they predicted, will "not go too far" in his political actions, which are designed to protect his efforts to secure public support for his coalition in advance of the 2008 elections in Cambodia. Incentives will have more of an effect on Hun Sen than criticism. Both sides expressed a desire to pursue dialogue in a more formal channel in the future. End Summary.

¶2. EAP Assistant Secretary Christopher R. Hill met three high-ranking GVN diplomats for lunch January 13 at the Ambassador's residence: Assistant Foreign Minister for the Americas Nguyen Duc Hung; Assistant Foreign Minister for Southeast Asia Do Ngoc Son; and, Ambassador Trinh Quang Thanh, Director General of the Institute for International Relations. The conversation focused on China's role in Asia and U.S. relations with Southeast Asia, particularly mainland Southeast Asia. The Ambassador, POL/C, PolOff and A/S Hill's Special Assistant also attended.

¶3. A/S Hill observed that Vietnam is playing an increasingly positive role in the region, and that the potential for a close U.S.-Vietnam relationship is building. Our relationship with Vietnam will not be focused on China, he predicted, but on our many common interests. Vietnam's transformation into a capitalist economy is evident from the vibrant commerce visible on the streets of Hanoi, despite the prominent placement of statues of Lenin. Ambassador Thanh responded that though Marxism-Leninism remains the ideological underpinning of the Vietnamese State, the people of Vietnam care mostly about peace, prosperity, security and the ability to send their children to good schools.

CHINESE INTERESTS IN VIETNAM

¶4. Ambassador Thanh acknowledged that Chinese investment in Vietnam is low compared to the very high (and growing) levels of trade, especially on the border. The limited Chinese investment dollars are focused on natural resources, AFM Hung noted, highlighting Chinese interest in an

investment in a bauxite mining operation in the Central Highlands near the Cambodian border. This investment is particularly interesting because the Chinese have also purchased a 99-year lease on 40,000 HA of land on the Cambodian side of the border opposite the site of the planned Bauxite operation, Thanh said, ostensibly with the purpose of growing trees for paper pulp.

BURMA AND CAMBODIA

15. The huge land purchase on the border brings Cambodian politics into the picture, AFM Son noted, because the issue of the Vietnam-Cambodia border has become contentious and also because the land the Chinese purchased has an existing population of Cambodians that will be displaced. Cambodian Prime Minister Hun Sen's political opponents have used sensitive international issues such as the border and the Chinese land purchase to inflame public opinion against him, Son said. A/S Hill replied that Hun Sen has demonstrated his lack of sophistication in dealing with the opposition by treating them so harshly, thus turning local critics into international heroes.

16. AFM Son noted that Hun Sen's Cambodian People's Party (CPP) and FUNCINPEC have worked hard to strengthen their coalition and are actively preparing for the 2008 elections. The opposition's tactic of focusing on Cambodia's relations with its neighbors to fan nationalist sentiment and popular discontent is harmful to the CPP and FUNCINPEC. Vietnam, AFM Son continued, solved its border problem with Cambodia on the basis of international law and past agreements in order to come up with a good, defensible solution. A/S Hill commented that Hun Sen's problem is that he seems unable to

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defend his regime's decisions in a public forum, and instead resorts to taking action against his critics.

17. AFM Son said that Vietnam has been a frequent target of the opposition's efforts to undermine Hun Sen's government through criticism of improvements in Vietnam-Cambodia relations. Still, Vietnam has refrained from responding in kind, and instead has pursued low-key confidence-building measures along the border, providing assistance to Cambodians in border areas by allowing them to use Vietnamese infrastructure such as hospitals and schools. "Cambodian politics are complicated and difficult to understand, so we do not try to interfere," he said. The Ambassador noted that there is a big difference between interference and constructive influence, and Vietnam is in a position to constructively influence developments in Phnom Penh. A good example of constructive influence can be seen in the ASEAN statement on Burma, he added.

18. Responding to A/S Hill's statement that Burma has become an embarrassment to ASEAN, Ambassador Thanh said that the result of the international pressure on Burma, from ASEAN and other countries, has been to drive Burma "into the arms of the Chinese." The United States, Ambassador Thanh said, needs to engage Burma more. AFM Son agreed. "The more pressure we put on Burma, the closer the Burmese get to China," he said, pointing out that the Chinese Foreign Minister skipped the July 2005 ASEAN Post-Ministerial Conference (where Burma was forced to give up the 2006 Chairmanship of ASEAN) and instead went straight to Rangoon. The Burmese regime is defensive and wary of Western countries, Ambassador Thanh pointed out, because it believes that its legitimacy and survival are in jeopardy. The Burmese are close to China, he continued, but their only alternative to balance China has become India. AFM Hung opined that the United States should engage more with Southeast Asia in general, and mainland Southeast Asia in particular. Burma, Cambodia and Laos are all moving closer and closer to the Chinese orbit because of perceived hostility or indifference from the United States, he said.

¶9. A/S Hill asked about the potential influence Thailand and Vietnam could have over Hun Sen and the regime in Burma. AFM Son observed wryly that Hun Sen is very shrewd and listens to Vietnam only when it is both convenient and profitable for him to do so. Hun Sen is also very capable of manipulating his neighbors and other countries in the region, Son said. Hun Sen knows that the top priority for regional countries is stability in Cambodia, with the secondary concern being growing Chinese influence. These concerns restrict the degree to which regional countries can pressure Hun Sen. Thailand could conceivably have a larger role to play, but the Thai are still recovering from the breakdown in relations that occurred between Cambodia and Thailand in January 2004 (following the torching of the Thai Embassy in Phnom Penh). In general, Thailand lacks the goodwill and trust of its neighbors, but Vietnam and Thailand have coinciding interests in the region.

¶10. AFM Son noted that in Hun Sen's mind, the opposition uses his accomplishments and the things he does to build the country as tools to discredit him. He is both pragmatic and nationalist, AFM Hung observed, and as a result, confronting him bluntly on any issue is likely to fail. AFM Son said that the top priority of Hun Sen and FUNCINPEC is to improve their popularity in advance of the 2008 elections, and their strategy for doing that is to "build the country and develop the economy." Anything the United States could provide to assist with that will have a positive effect on Hun Sen, he predicted. China knows this, he said; in August 2005, Hun Sen visited China and came away with USD 200 million in aid and low interest loans for infrastructure development. A/S Hill observed that Hun Sen's actions in Cambodia have become a real problem, generating serious negative attention and creating a situation where Cambodia could become as much of a pariah state as Burma is. AFM Son predicted that Hun Sen "will not let it go too far" because he is, in the end, practical and reasonable.

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LAOS

¶11. AFM Hung said that one constant for all Southeast Asian countries is the understanding that they need good relations with both the United States and China, and that excessive closeness to either is not in their best interests. With that in mind, the United States can expect both Cambodia and Laos to open up to better relations, unless, due to excessive pressure, they become completely alienated like Burma. Ambassador Thanh noted that Laos is not opposed to better relations with the United States, but has been disappointed with the results of its efforts so far. Laos expected to see much more benefit from signing the BTA with the United States, but the signing did not lead to additional projects to alleviate poverty, Laos' top priority. Ambassador Hill replied that the allocation of U.S. resources to a country is a function of that country's strategic importance to the United States and U.S. domestic interest. Unlike, Afghanistan, for example, Laos has neither strategic importance nor U.S. domestic interest. AFM Son replied that Laos does have importance to China, and as a result, the Chinese are moving in fast, especially on the economic front.

U.S.-VIETNAM RELATIONS

¶12. A/S Hill noted that policy discussions on regional issues are very useful for the United States and suggested the United States and Vietnam think seriously about how to pursue dialogue more systematically. AFM Hung said Vietnam is ready and willing to pursue a strategic dialogue with the United States at the Vice Minister level. Turning to WTO negotiations, A/S Hill urged the three senior officials not

to let talks drag on over small points of contention because the end benefits for Vietnam will dwarf any small concessions made now.

[113](#). A/S Hill has cleared this message.

BOARDMAN